

Economic Analysis of Lease Versus Construction
for CIA Consolidation

OBJECTIVE

The purpose of this analysis is to compare the present value costs of a least alternative versus federal construction.

ASSUMPTIONS

1. A constructed building will contain approximately 855,000 square feet of net useable space.
2. For the lease alternative, 855,000 net square feet of consolidated space will be acquired.
3. The economic life of a building or buildings is 30 years.
4. Construction of a new building will be on the Headquarters compound.

PROCEDURES

1. Cost data have been provided by the Building Planning Staff, Office of Logistics, and General Services Administration.
2. The comparative analysis was compiled in accordance with procedures contained in Office of Management & Budget (OMB) Circular A-104.

CONCLUSIONS

The results show that the Federal Construction Alternative is the preferred choice.

8, APR 1982

CIA CONSOLIDATION
COMPARATIVE COST ANALYSIS SUMMARY

<u>Lease Alternative</u>		<u>Construction Alternative</u>	
Initial Alterations	\$ 29,533,360	Imputed Taxes & Insurance	\$ 15,407,712
Taxes & Insurance	23,011,016	General Expenses	2,415,381
Net, Net Rent	94,652,269	Services & Utilities	52,470,348
Services & Utilities	78,363,095	Major Repair & Alterations	10,158,808
Alterations	7,745,103	Minor Repair & Alterations	5,185,965
General Expenses	1,697,557	Interim Lease Cost	24,596,980
Total Present Value	<u>\$ 235,002,399</u>	Site Cost	2,127,850
		Construction Cost	79,418,991
		Design & Management	7,583,663
			<u>\$ 199,365,697</u>
		Less Residual Value	- 12,239,978
		Less Income Received	- 3,776,369
		Total Present Value	<u>\$ 183,349,349</u>